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BY THE COMPTROLLER GENERAL 110423

Report To The Congress

OF THE UNITED STATES

Audit Of The Minority Printing Clerk, ^{GHS 00009}
House of Representatives, For The
Fiscal Year Ended September 30, 1978



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GGD 79 61
SEPTEMBER 21, 1979



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-164163

To the President of the Senate and the
Speaker of the House of Representatives

We audited the accounts of the Minority Printing Clerk, House of Representatives, for the fiscal year ended September 30, 1978, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1).

GENERAL COMMENTS

The position of Minority Printing Clerk originated from House Resolution 295 (July 7, 1943, 78th Cong.), which (1) authorized employment of a clerk in charge of printing for the minority caucus room and (2) provided that the clerk be

--designated by the minority leader and

--compensated at the rate of \$2,000 per annum from appropriated funds.

Over the years, the amount of the Minority Printing Clerk's compensation increased from \$2,000 to \$16,743, the annual pay rate established in accordance with the pay adjustment which became effective October 1, 1977. No funds were provided, however, in the Legislative Branch Appropriation Act, 1979 (Public Law 95-391, Sept. 30, 1978), to pay a salary to the Minority Printing Clerk.

The Minority Printing Clerk operates as Thomas J. ^{CN6 01214} Lankford, Incorporated, a firm organized and incorporated on December 16, 1963, primarily to provide printing and related services for Members of the House of Representatives.

The Minority Printing Clerk's offices and printing plant are in the west underground garage of the House of Representatives. During the fiscal year ended September 30, 1978, the Printing Clerk supplied official printing to the minority leadership at no charge and offered, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations.

On August 1, 1978, Thomas J. Lankford, Incorporated, purchased land and buildings for use as a warehouse. The corporation subsequently leased the building to another firm. The lease provides that Thomas J. Lankford, Incorporated, will retain the exclusive use of about 1,000 square feet for paper storage with an additional 500 square feet to be available, if needed.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. It included an examination of the accounting records for the fiscal year ended September 30, 1978, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

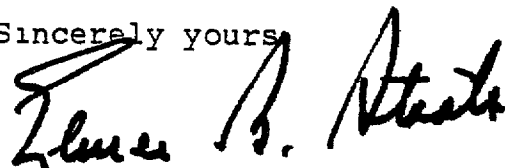
We prepared the accompanying financial statements (schs. 1, 2, and 3) from the accounting records of Thomas J. Lankford, Incorporated. The income and expense statement (sch. 2) includes the costs of printing services supplied to the minority leadership at no charge but does not include (1) the costs of certain benefits and services such as space, utilities, and ordinary building repairs and maintenance furnished to the corporation without charge or (2) the annual salary of the Minority Printing Clerk, which was paid from appropriated funds.

In our opinion, ~~the accompanying~~ statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of preceding years and in accordance with the financial arrangements described above, present fairly the financial position of the Minority Printing Clerk, operating as Thomas J. Lankford, Incorporated, at September 30, 1978, and the results of its operations and the changes in its financial position for the year then ended.

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The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Accordingly, copies of this report are being furnished to cognizant congressional committees. A copy is being sent to the Minority Leader of the House of Representatives, and copies will be available to Members and the public.

Sincerely yours,



Comptroller General

SCHEDULES

SCHEDULE I

SCHEDULE I

THOMAS J LANKFORD, INCORPORATEDSTATEMENT OF FINANCIAL CONDITIONSEPTEMBER 30, 1978 (note a)

ASSETS

CURRENT ASSETS

Cash	\$ 66,808 61
Accounts receivable--trade	163,452 48
Accounts receivable--officers (note b)	1,911 80
Accounts receivable--other	605 81
Inventory (cost)	72,779 08
Prepaid expenses	6,240 16
Tax loss carry back claim	<u>8,627 45</u>

Total current assets	\$320,425 39
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INVESTMENTS

Warehouse property (note c)	
Land	56,757 00
Buildings	\$70,046 00
Less accumulated depreciation	<u>291 86</u>
	69,754 14
	126,511 14
Cash surrender value of officer's life insurance policy	<u>24,483 54</u>

Total investments	150,994 68
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FIXED ASSETS

Printing equipment	227,646 07
Less accumulated depreciation	<u>181,302 69</u>
	46,343 38
Station wagon	7,498 00
Less accumulated depreciation	<u>4,582 03</u>
	2,915 97
Office equipment	400 00
Less accumulated depreciation	<u>196 52</u>
	<u>203 48</u>

Total fixed assets	<u>49,462 83</u>
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TOTAL ASSETS

	<u>\$520,882 90</u>
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GAO note The accompanying notes on page 5 are an integral part of this statement
 Our opinion on this statement appears on page 2 of the letter

SCHEDULE I

SCHEDULE I

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Accounts payable	\$140,388 56	
Note payable-current portion	38,941 17	
Estimated franchise and income tax liability	26,250 00	
Accrued taxes payable	1,223 95	
Unearned income	<u>6,910 88</u>	
Total current liabilities		\$213,714 56
NOTE PAYABLE - long term portion		<u>97,796 77</u>
Total liabilities		311,511 33
STOCKHOLDER'S EQUITY		
Capital stock--common		
\$100 par value,		
1,500 shares		
authorized, 375		
shares issued and		
outstanding	\$37,500 00	
Capital in excess of		
par value	<u>51,464 36</u>	
Total capital		88,964 36
Retained earnings		
Balance at beginning		
of fiscal year	67,787 03	
Net income for fiscal year	<u>52,620 18</u>	
Balance at end of fiscal year		<u>120,407 21</u>
Total stockholder's		
equity		<u>209,371 57</u>
TOTAL LIABILITIES AND STOCKHOLDER'S		
EQUITY		<u>\$520,882 90</u>

THOMAS J. LANKFORD, INCORPORATEDSTATEMENT OF INCOME AND EXPENSEFISCAL YEAR ENDED SEPTEMBER 30, 1978 (notes a and d)

NET SALES		\$1,356,220.94
PRINTING EXPENSES:		
Camera supplies	\$ 21,981.02	
Depreciation (straight-line method)	9,668.38	
Express and postage	7,895.12	
Leased equipment	19,764.30	
Material and paper	492,600.55	
Payroll taxes	15,270.55	
Repairs and parts	4,194.33	
Salaries	310,432.05	
Subcontracts	101,081.92	
Type, composition, and ink	66,184.49	
Union pension fund	2,837.90	
Union welfare fund	10,022.44	
Total printing expense		<u>1,061,933.05</u>
Gross profit from sales		294,287.89
ADMINISTRATIVE EXPENSES		
Accounting fees	8,950.00	
Advertising and promotion	19,605.52	
Station wagon	4,856.63	
Depreciation (straight-line method)	2,539.33	
Employee pension plan (note e)	28,368.24	
General expense	1,270.85	
Insurance	18,301.48	
Legal fees	3,047.42	
President-Treasurer salary	124,832.00	
Taxes	9,063.61	
Telephone	436.40	
Travel	659.89	
Total administrative expenses		<u>221,931.37</u>
Net operating profit		72,356.52
NONOPERATING INCOME:		
Gain on sale of assets	\$17,323.34	
Interest income	453.44	
Rental income	3,000.00	
Miscellaneous income	<u>144.01</u>	20,920.79
NONOPERATING EXPENSE		
Interest expense	<u>6,407.13</u>	<u>14,513.66</u>
Net income before taxes		86,870.18
ESTIMATED FRANCHISE AND INCOME TAXES		
District of Columbia	8,895.00	
United States	<u>25,355.00</u>	
Total estimated franchise and income taxes		<u>34,250.00</u>
Net income		<u>\$52,620.18</u>
EARNINGS PER SHARE		\$ 140.32

GAO note: The accompanying notes on page 5 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter

SCHEDULE III

SCHEDULE III

THOMAS J LANKFORD, INCORPORATEDSTATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEAR ENDED SEPTEMBER 30, 1978 (note a)

FUNDS PROVIDED

Net sales	\$1,356,220.94
Sale of assets	18,250 00
Interest income	453 44
Rental income	3,000 00
Miscellaneous income	144 01
Long term portion of note payable	97,796 77

Total funds provided	<u>\$1,475,865 16</u>
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FUNDS APPLIED

Costs (excluding depreciation)	\$1,312,313 84
Increase in cash surrender value of officer's life insurance	2,748 56
Purchase of printing equipment	25,301 88
Purchase of real property	126,803 00
Increase in working capital	8,697 88

Total funds applied	<u>\$1,475,865 16</u>
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ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED SEPTEMBER 30, 1978Increase or (decrease)

WORKING CAPITAL CHANGES

Cash	\$ 26,140 49
Accounts receivable	(18,490 60)
Inventory	18,700 30
Prepaid expenses	3,635.01
Accounts payable	(30,887 44)
Notes payable	26,058 83
Estimated franchise and income tax liability	(26,225 00)
Accrued interest payable	1,691 67
Accrued taxes payable	4,243 35
Unearned income	3,831 27

INCREASE IN WORKING CAPITAL	<u>\$ 8,697 88</u>
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GAO note The accompanying notes on page 5 are an integral part of this statement

Our opinion on this statement appears on page 2 of the letter

THOMAS J. LANKFORD, INCORPORATEDNOTES TO FINANCIAL STATEMENTSSEPTEMBER 30, 1978a/Significant accounting policies:

The books are maintained on a cash basis throughout the course of the fiscal year and converted to an accrual basis at the end of the fiscal year.

Depreciation is provided at rates based on estimated useful lives using the straight line method. The lives generally used are as follows

Buildings	40 years
Printing equipment--new	10 years
Printing equipment--used	5 years
Office furniture and equipment	10 years
Station wagon	3 years

Inventory is stated on the statement of financial condition at cost.

b/Due from President-Treasurer for personal expenses paid by Thomas J. Lankford, Incorporated.c/A portion of the warehouse property is available to the corporation for paper storage.d/Does not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance (which are furnished to the corporation without charge) or the printing clerk's salary (\$16,743.24)--paid from appropriated funds.e/Employee pension plan provides for normal retirement after 10 years of plan participation and 65 years of age or older. The plan covers all employees at no cost to the employees.

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